

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** April 11, 2007  
**POSITION:** Oppose

**BILL NUMBER:** SB 803  
**AUTHOR:** A. Lowenthal

### **BILL SUMMARY:** Transportation Enhancement Funds: Conservation Corps

This bill would establish a process which permits Local Community Conservation Corps (LCCC) to compete at the regional level for federally provided Transportation Enhancement (TE) funds for environmental mitigation projects. With respect to federal funds made available to the state for transportation enhancement projects, this bill would:

- Require transportation planning agencies, county transportation commissions or authorities and congestion management agencies to adopt criteria that give priority in the selection of environmental mitigation projects to the sponsors of eligible projects that partner with, or commit to employ the services of, a LCCC, or the California Conservation Corps (CCC) in areas not served by a LCCC, to construct or undertake the project.
- Provide that a LCCC, or the CCC in areas not served by a LCCC, is eligible to apply for project funds.
- Authorize local agencies and Caltrans to enter into cooperative agreements, or procurement contracts with LCCCs pursuant to certain simplified contract requirements.
- Require the California Transportation Commission, when developing guidelines for the State Transportation Improvement Program (STIP) and the State Highway Operations and Protection Program (SHOPP), to include guidance to encourage the allocation of funds for transportation enhancement projects to LCCCs and the CCC, either as applicants or as partners with applicants that commit to employ the services of corps members in the construction of those projects.

### **FISCAL SUMMARY**

This bill could divert a significant amount of federal funds, up to a maximum of \$60 million per year, away from the higher priority projects, to projects that conservation corps are qualified to construct.

### **COMMENTS**

The Department of Finance is opposed to this bill because it could divert federal funds away from higher priority transportation improvement projects and allocate these funds to other projects capable of being constructed by conservation corps, such as landscaping, and bicycle and pedestrian paths, which can currently be funded through other programs.

Analyst/Principal (0753) R. VanLandingham	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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**ANALYSIS****A. Programmatic Analysis**

**Current law** provides the use of State Transportation Improvement Program (STIP) funds for transportation improvement projects, including the construction of pedestrian and bicycle paths, and authorizes states to permit Local Community Conservation Corps (LCCC) to use Transportation Enhancement (TE) funds for the construction of eligible projects, also including pedestrian and bicycle paths, the preservation of historic buildings, enhancements to transit stops and stations, storm water handling projects, and other similar projects.

**This bill** would establish a process which permits LCCCs to compete at the regional level for federally provided TE funds for environmental mitigation projects. With respect to federal funds made available to the state for transportation enhancement projects, this bill would:

- Require transportation planning agencies, county transportation commissions, or authorities and congestion management agencies to adopt criteria that give priority in the selection of environmental mitigation projects to the sponsors of eligible projects that partner with, or commit to employ the services of, a LCCC, or the California Conservation Corps (CCC) in areas not served by a LCCC, to construct or undertake the project, instead of the lowest private contractor bid for the project.
- Provide that a LCCC, or the CCC in areas not served by a LCCC, is eligible to apply for project funds.
- Authorize local agencies and Caltrans to enter into cooperative agreements, or procurement contracts with LCCCs pursuant to certain simplified contract requirements.
- Require the California Transportation Commission, when developing guidelines for the State Transportation Improvement Program (STIP) and the State Highway Operations and Protection Program (SHOPP), to include guidance to encourage the allocation of funds for transportation enhancement projects to LCCCs and the CCC, either as applicants or as partners with applicants that commit to employ the services of corps members in the construction of those projects.

**Discussion:** The author's office reports that this bill is intended to establish a process which permits LCCCs to compete at the regional level for federally provided TE funds for environmental mitigation projects and authorize LCCCs to apply for TE funds.

TE activities are federally funded, community-based projects that expand travel choices and enhance the transportation infrastructure. According to Caltrans, in recent years, the state had received approximately \$60 million annually in TE funds. Of that amount, 75 percent is prioritized (programmed) by Regional Transportation Planning Agencies (RTPA) and 25 percent by Caltrans. Between fiscal year 2005-06 and fiscal year 2009-10, the state will receive an average of \$74.5 million annually. Since the inception of the TE program in 1991, the state has expended \$652.6 million in TE funds. Nearly half of the funds have been used to build bicycle and pedestrian paths and trails.

Local planners have other potential sources of funding for projects such as bicycle and pedestrian paths, through programs like Safe Routes to School program. This bill would require the CTC to include in the guidelines for the STIP and SHOPP direction to RTPAs and Caltrans encouraging the allocation of state TE revenues to LCCCs and the CCC. This could divert these federal funds away from higher priority structure and technical construction projects that conservation corps may not have the equipment or qualifications to build.

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### ANALYSIS (continued)

### A. Programmatic Analysis (continued)

Currently, TE funds are allocated to RTPAs, and then to the local agencies for community-based projects that expand travel choices and enhance the transportation infrastructure. The local agencies will then contract a lowest bid private contractor, an LCCC or a CCC to perform the project work.

## B. Fiscal Analysis

Caltrans reports that project work performed by LCCCs generally costs more than private contractors or CCCs. If this bill were implemented, priority in project contract awards must be given to LCCCs, for project work that is to be completed in areas that are supported by LCCCs. In LCCC supported areas, CCCs and private contractors could not be considered for project awards, even if they could perform the work at a lower cost. This would result in less projects being completed with available funds.

Because some projects pushed out by the priorities in this bill for use of TE funding are high priority components of larger projects, funds available for STIP and SHOPP capacity and rehabilitation projects may have to be diverted to fund the projects pushed out of the TE program.

		SO	(Fiscal Impact by Fiscal Year)							
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP							
Type		RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Fund Code
2660/Caltrans		LA	No		-----	See Fiscal Summary	-----			0890
<u>Fund Code</u>	<u>Title</u>									
0890	Trust Fund, Federal									